

SOCIAL ENTERPRISES IN ASIA

A New Legal Form

Social enterprises are regarded as a vital solution to the pressing problem of socioeconomic inequality and play a crucial role in the delivery of public goods and services. Ernest Lim argues that social enterprises in four leading Asian jurisdictions – India, Hong Kong, Singapore, and Malaysia – should have a new legal form. This entails advancing a nuanced and comprehensive framework consisting of five criteria: (1) corporate purpose; (2) directors’ duties; (3) decision-making powers; (4) reporting and impact measurement, and certification; and (5) distribution of dividends, assets, and tax benefits. This invaluable work demonstrates that the existing legal forms in common law Asia, the UK, and the US do not properly address the various conflicts of interest affecting social enterprises. An essential read for those interested in understanding and evaluating the laws and regulations on social enterprises, as well as designing and implementing creative ones to protect and promote these important businesses.

A leading comparative corporate law and governance scholar, Ernest Lim is Professor of Law at the National University of Singapore. He is the author of two acclaimed books with Cambridge: *A Case for Shareholders’ Fiduciary Duties in Common Law Asia* (2019), which won the Society of Legal Scholars Peter Birks Runner-Up Prize for Outstanding Legal Scholarship; and *Sustainability and Corporate Mechanisms in Asia* (2020).

“There is a consensus that corporate governance should focus on the right thing – creating durable wealth for investors through the sale of safe and useful products and services, the respectful and fair treatment of all stakeholders, particularly workers, and sustainable, environmentally responsible conduct. But, unless we build on that shared belief across the full scope of the world’s leading market economies, we won’t succeed. In his important book spelling out positive steps for leading Asian market economies to embrace stakeholder capitalism, Professor Lim has enhanced the possibility of convergence with the B Corp movement in OECD and a future where all leading market economies channel company behavior in the way that produces the most real wealth and value.”

Leo E. Strine, Jr., Former Chief Justice and Chancellor, the State of Delaware; Ira M. Millstein Distinguished Senior Fellow, Ira M. Millstein Center for Global Markets and Corporate Governance, Columbia Law School; Michael L. Wachter Distinguished Fellow, University of Pennsylvania Carey Law School

“*Social Enterprises in Asia: A New Legal Form* is a welcome addition to the growing literature on social enterprise law. Its comprehensive and readable guide to the gaps and uncertainties in existing legal forms for social enterprises in Hong Kong, India, Malaysia, and Singapore draws a wealth of information into a coherent framework for analysis. Using this baseline, Lim advances an ambitious proposal for a new legal form tailor-made to suit social enterprises’ needs in these four common law Asian jurisdictions. In the process, the book grapples with the most significant corporate governance issues impacting social enterprises worldwide.”

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SOCIAL ENTERPRISES
IN ASIA

A New Legal Form

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ABBREVIATIONS

BIA	B Impact Assessment
CIC	Community Interest Company
CIO	Community Interest Object
CIS	Community Interest Statement
CIT	Community Interest Test
ESG	environmental, social and governance
EU	European Union
GDP	gross domestic product
GIIRS	Global Impact Investment Rating System
HK CO	Hong Kong Companies Ordinance (Chapter 622)
HK CSO	Hong Kong Co-operative Societies Ordinance (Chapter 33)
HKGCSE	Hong Kong General Chamber of Social Enterprises
HK SFC	Hong Kong Securities and Futures Commission
ICSEE	Independent Committee of Social Enterprise Endorsement Scheme
IN CA	India Companies Act 2013
IN MCSA	India Multi-State Co-operative Societies Act 2002
MD&A	management discussion and analysis
MY CA	Malaysia Companies Act 2016 (Act 777)
MY CSA	Malaysia Co-operative Societies Act 1993 (Act 502)
PBC	Public Benefit Corporation
R&D	research and development
SAA	Social Audit and Accounting
SE.A	Social Enterprise Accreditation
SEE	Social Enterprise Endorsement
SG CA	Singapore Companies Act (Chapter 50)
SG CSA	Singapore Co-operative Societies Act (Chapter 62)
SPC	Special Purpose Corporation
SROI	Social Return on Investment
UK	United Kingdom
US	United States
WISE	Work Integration Social Enterprise